

LOAN APPLICATION

1. I am a member of: (check one only)

- ☐ Public Employees' Retirement System
- ☐ Teachers' Pension and Annuity Fund
- ☐ Police and Firemen's Retirement System
- ☐ State Police Retirement System

2. Membership # _____

3. Social Security # _____

4. Date of Birth _____

5. Daytime Telephone No. _____

Please print all information.

6. Name (First, Middle Initial, Last) _____

7. Mailing Address (Street) _____ (Apt. No.) _____

(City, State, Zip Code) _____ If new address, check here ☐

STEP 1 — CALL (609) 777-1777

To get information on how much you can borrow and the repayment amount, call the Automated Information System at (609) 777-1777 (from a touch-tone telephone). Have your Social Security number and a pen on hand before calling this number. Listen closely to the information that you are given.

STEP 2 — LOAN AMOUNT — Please check **ONE** of the following boxes:

- ☐ I want to borrow the MAXIMUM amount.
- ☐ I DO NOT want to borrow the maximum amount. I want to borrow (SPECIFY AMOUNT) \$ _____

STEP 3 — REPAYMENT — Please check **ONE** of the following boxes:

- ☐ I want to repay the MINIMUM amount. ☐ I want to repay the loan by (SPECIFY DATE) _____
- ☐ I want to pay MORE than the minimum repayment (SPECIFY AMOUNT) _____
Payment amount cannot exceed 25% of your base salary.

Monthly
\$ _____

Biweekly State Employees Only
\$ _____

I agree to comply with the repayment terms and conditions which are in accordance with federal guidelines. Should I fail to make required repayments, the unpaid balance will be considered a distribution from my retirement account subject to the distribution rules under Section 72(p) of the Internal Revenue Code (see reverse side). I certify that I am an actively contributing member and currently receiving a salary.

Signature of Member (Required)

Date

Current Employer

If you have been out of work without pay within the last six months or have recently changed employers, please have your current EMPLOYER certify the following information in order to process your loan application.

Date Member Returned to Payroll _____ Current Salary \$ _____

Amount of Loan Contributions submitted since return: \$ _____ New Location Code (for transfers only): _____

Signature of Certifying Officer _____

Continued on reverse side.

LOAN PROVISIONS

- Interest rate is four percent per annum on the declining balance of the loan.
- To be eligible, you must be an actively contributing member of an eligible retirement system.
- To be eligible, you must have three years of contributing membership POSTED to your account. (This usually occurs three years and two months after enrollment.)
- **You are allowed only two loans in any calendar year.**
- If you retire with an outstanding loan balance, you have the option to pay-off the outstanding loan balance **in its entirety** or to repay the loan through deductions from your retirement allowance until the balance of the loan **together with interest** is repaid. Payments will be the monthly equivalent of the amount deducted from your compensation immediately before retirement.
- If you die before the outstanding loan balance with interest has been recovered, the remaining balance will be repaid from the proceeds of any other benefit payable to your beneficiary(ies) including group life insurance or monthly payments.

INTERNAL REVENUE SERVICE (IRS) REQUIREMENTS

Loan balances cannot exceed \$50,000 and must be repaid within five years. The regulations also require members to make timely payments toward outstanding loan balances.

Failure to repay the loan as scheduled may result in the unpaid loan balance being declared a taxable distribution which will be reported to the IRS. The Division of Pensions and Benefits will send you a *Form 1099-R* for tax filing purposes in January of the following year. You will be required to include the portion of the loan representing before-tax contribution as income on your federal return. In addition, if you are under age 59½, you will be required to pay an additional ten percent tax for taking an early pension distribution.

A “deemed distribution” cannot be cancelled by resuming loan payments or repaying the loan in full prior to the end of the tax year in which the deemed distribution occurs. Please note that unlike a normal pension distribution, a loan treated as a distribution cannot be rolled over to an IRA or another qualified retirement plan. Members who take a loan and subsequently fail to remit loan payments may also be subject to additional IRS penalties.